

**ACADIANA LEGAL SERVICE CORPORATION
1020 SURREY ST.
LAFAYETTE, LA 70501**

TO THE BOARD OF DIRECTORS

**INDEPENDENT AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2011**

RECIPIENT NO: 619051

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

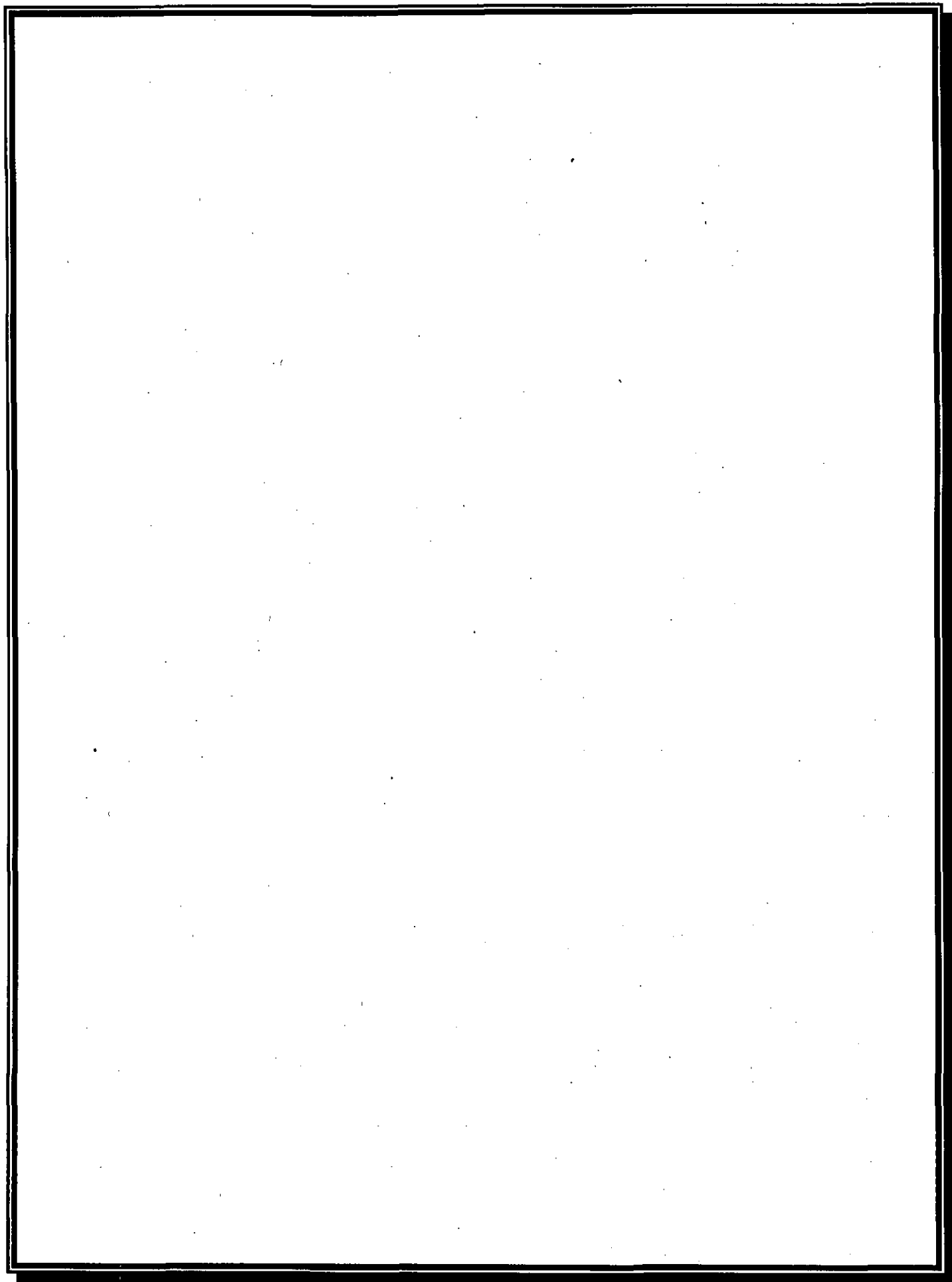
Release Date **MAY 23 2012**

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ACADIANA LEGAL SERVICE CORPORATION
1020 SURREY ST.
LAFAYETTE, LA 70501

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Acadiana Legal Service Corporation
1020 Surrey Street
Lafayette, La 70501**

I have audited the accompanying statement of financial position of the Acadiana Legal Service Corporation "a nonprofit organization" as of December 31, 2011 and 2010, the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Acadiana Legal Service Corporation as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated April 26, 2012, on my consideration of Acadiana Legal Service Corporation internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming an opinion on the basic financial statements of Acadiana Legal Service Corporation taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Bobbie L Howard
Certified Public Accountant

Houma, La
April 26, 2012

ACADIANA LEGAL SERVICE CORPORATION
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2011 and 2010

| <u>ASSETS</u> | <u>2011</u> | <u>2010</u> |
|---|----------------------------|----------------------------|
| <u>Current Assets</u> | | |
| Cash And Cash Equivalents (Note B- Page 12) | \$ 172,021 | \$ 231,417 |
| Investments (Note A- Page 10 No. 6) | 82,712 | 82,440 |
| Grants Receivables (Note C- Page 12) | 48,439 | 55,916 |
| Other Current Assets | 38,259 | 36,132 |
| Prepays | <u>65,123</u> | <u>56,376</u> |
| Total Current Assets | \$ 406,554 | \$ 462,281 |
| <u>Restricted Assets</u> | | |
| Client Trust Account (Note A- Page 10 No. 5) | 28,040 | 27,449 |
| <u>Noncurrent Assets</u> | | |
| Utility & Building Deposits | 1,190 | 1,190 |
| Fixed Assets, net (Note D - Page 12 & 13) | 648,146 | 613,238 |
| Total Assets | <u>\$ 1,083,930</u> | <u>\$ 1,104,158</u> |

See auditor's report and notes to financial statements.

LIABILITIES AND NET ASSETS

| | <u>2011</u> | <u>2010</u> |
|--|----------------------------|----------------------------|
| <u>Current Liabilities</u> | | |
| Accounts Payable | \$ 33,693 | \$ 25,826 |
| Accrued Liabilities (Note E- Page 13) | 227,213 | 220,186 |
| Lease Obligation(Note I-Page 16) | 1,589 | 1,589 |
| Current Portion of Long Term Debt (Note H- Page 15) | 11,298 | 8,057 |
| Deferred Revenue (Note A- Page 11 No. 11) | <u>13,271</u> | <u>0</u> |
| Total Current Liabilities | \$ 287,064 | \$ 255,658 |
| <u>Current Liabilities (Restricted)</u> | | |
| Client Trust Deposits (Note A- Page 10 No. 5) | 28,040 | 27,449 |
| Total Current Liabilities | 315,104 | 283,107 |
| <u>Long term liabilities</u> | | |
| Lease Obligation-net of current portion | 844 | 2,314 |
| Notes Payables-net of current portion (Note H- Page 15) | 240,842 | 233,392 |
| Total Liabilities | \$ 556,790 | \$ 518,813 |
| <u>Net Assets</u> | | |
| Unrestricted | 527,140 | 585,345 |
| Total Net Assets | <u>527,140</u> | <u>585,345</u> |
| Total Liabilities and Net Assets | <u>\$ 1,083,930</u> | <u>\$ 1,104,158</u> |

See auditor's report and notes to financial statements.

ACADIANA LEGAL SERVICE CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011 and 2010

| REVENUES | 2011 | 2010 |
|--|---------------------|---------------------|
| Revenues And Support: | | |
| Grants And Contracts (Note F- Page 13 & 14) | \$ 3,369,334 | \$ 3,443,656 |
| Investment Income | 2,041 | 2,973 |
| Donated Services | 5 | 1,837 |
| Miscellaneous | 32,228 | 17,122 |
| Total Revenues And Support | 3,403,608 | 3,465,588 |
| EXPENSES | | |
| Legal Services | 2,795,938 | 2,781,481 |
| Supportive Services Administrative | 684,170 | 674,705 |
| Total Expenses | \$ 3,480,108 | \$ 3,456,186 |
| Change in Net Assets | (76,500) | 9,402 |
| Adjustment-(Note J- Page 16) | 18,295 | 3,208 |
| Net Assets, Beginning of year | 585,345 | 572,735 |
| Net Assets, End of year | \$ 527,140 | \$ 585,345 |
| See auditor's report and notes to the financial statements. | | |

| ACADIANA LEGAL SERVICE CORPORATION | | | |
|--------------------------------------|---------------------|--|---------------------|
| STATEMENT OF FUNCTIONAL EXPENSES | | | |
| FOR THE YEAR ENDED DECEMBER 31, 2011 | | | |
| | Legal Services | Supportive Services Administrative | Total Expenses |
| Salaries and Wages: | | | |
| Lawyers | \$ 957,560 | \$ 239,390 | \$ 1,196,950 |
| Non- Lawyers | 840,114 | 210,029 | \$ 1,050,143 |
| Employee Benefits | 411,439 | 102,860 | \$ 514,299 |
| Space Cost And Renovation | 106,387 | 26,597 | \$ 132,984 |
| Equipment Rentals and Maintenance | 17,844 | 4,461 | \$ 22,305 |
| Office Supplies and Expenses | 50,876 | 12,718 | \$ 63,594 |
| Travel & Training | 81,223 | 20,306 | \$ 101,529 |
| Depreciation | 22,014 | 5,504 | \$ 27,518 |
| Library and Other Supplies | 48,242 | 12,060 | \$ 60,302 |
| Telephone | 50,665 | 12,666 | \$ 63,331 |
| Insurance | 35,473 | 8,867 | \$ 44,340 |
| Contractual Services | 37,017 | 9,254 | \$ 46,271 |
| Membership Fees | 14,265 | 3,566 | \$ 17,831 |
| Litigation Costs | 6,391 | - | \$ 6,391 |
| Sub-grants | 114,641 | - | \$ 114,641 |
| Interest | - | 15,445 | \$ 15,445 |
| Miscellaneous | 1,787 | 447 | \$ 2,234 |
| Total Expenses | \$ 2,795,938 | \$ 684,170 | \$ 3,480,108 |

See auditor's report and notes to the financial statements.

| ACADIANA LEGAL SERVICE CORPORATION | | | | |
|--------------------------------------|-----------|------------------|-----------------------|---------------------|
| STATEMENT OF FUNCTIONAL EXPENSES | | | | |
| FOR THE YEAR ENDED DECEMBER 31, 2010 | | | | |
| | | | | |
| | | | Supportive | |
| | | Legal | Services | Total |
| | | <u>Services</u> | <u>Administrative</u> | <u>Expenses</u> |
| Salaries and Wages: | | | | |
| Lawyers | \$ | 912,554 | \$ 228,139 | \$ 1,140,693 |
| Non- Lawyers | | 839,171 | 209,793 | 1,048,964 |
| Employee Benefits | | 411,829 | 102,957 | 514,786 |
| Space Cost And Renovation | | 89,356 | 22,339 | 111,695 |
| Equipment Rentals and Maintenance | | 32,518 | 8,129 | 40,647 |
| Office Supplies and Expenses | | 45,548 | 11,387 | 56,935 |
| Travel & Training | | 107,680 | 26,920 | 134,600 |
| Depreciation | | 20,067 | 5,017 | 25,084 |
| Library and Other Supplies | | 39,817 | 9,954 | 49,771 |
| Telephone | | 53,573 | 13,393 | 66,966 |
| Insurance | | 35,068 | 8,767 | 43,835 |
| Contractual Services | | 66,340 | 16,585 | 82,925 |
| Membership Fees | | 14,660 | 3,665 | 18,325 |
| Litigation Costs | | 1,055 | | 1,055 |
| Sub-grants | | 81,603 | - | 81,603 |
| Equipment | | 12,990 | 3,247 | 16,237 |
| Miscellaneous | | 17,652 | 4,413 | 22,065 |
| | | | | |
| Total Expenses | \$ | 2,781,481 | \$ 674,705 | \$ 3,456,186 |

See auditor's report and notes to the financial statements.

| ACADIANA LEGAL SERVICE CORPORATION | | |
|--|-------------------|-------------------|
| STATEMENT OF CASH FLOW | | |
| FOR THE YEAR ENDED DECEMBER 31, 2011 and 2010 | | |
| | 2011 | 2010 |
| Cash Flows from Operating Activities: | | |
| Increase (decrease) in net assets | \$ (76,500) | \$ 9,402 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 27,518 | 25,084 |
| (Increase) decrease in operating assets: | | |
| Investments | (272) | (790) |
| Grants Receivables | 7,477 | 2,087 |
| Other Receivables | (2,127) | 1,034 |
| Prepays | (8,747) | (17,899) |
| Building and Utilities Deposits | - | - |
| Client Trust | (591) | (2,119) |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | 7,867 | (5,656) |
| Accrued Liabilities | 7,027 | 65,667 |
| Deferred Revenue | 13,271 | (158,244) |
| Client Trust | 591 | 2,119 |
| Capital Lease | - | (864) |
| Total Adjustments | 52,014 | (89,581) |
| Net Cash Provided by Operating Activities: | (24,486) | (80,179) |
| Cash Flows from Investment Activities | | |
| Purchase of Fixed Assets | (3,975) | (45,822) |
| Purchase of Building/Major improvements | (58,451) | (184,794) |
| Net Cash Provided by Investing Activities | (62,426) | (230,616) |
| Cash Flows from Financing Activities | | |
| Loan proceeds | 18,691 | 153,665 |
| Payment on loan | (9,470) | (4,366) |
| Funds due from sub grantee | - | - |
| Prior period adjustments | 18,295 | 30 |
| Net Cash Provided by Financing Activities | 27,516 | 149,339 |
| Net Increase in Cash and Cash Equivalents | (59,396) | (161,456) |
| Cash and Cash Equivalents at Beginning of Year | 231,417 | 392,873 |
| Cash and Cash Equivalents at End of Year | \$ 172,021 | \$ 231,417 |
| Supplemental Disclosure of Cash Flow | | |
| Cash Paid During the Period for Interest | \$ 15,445 | \$ 6,982 |
| See auditor's report and notes to financial statements. | | |

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

Acadiana Legal Service Corporation is a non-profit organization created in 1978 to provide legal assistance in non-criminal proceedings or matters to persons unable to afford such counsel. The Corporation is funded primarily by Legal Services Corporation ("LSC"), a nonprofit corporation established by Congress to administer a nationwide legal assistance program. The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America and the requirements of LSC.

2. Presentation of Financial Statement

The accompanying financial statements of Acadiana Legal Service Corporation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

3. Basis of Reporting

Financial statements presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organization. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

4. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Corporation considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

5. Client Trust Escrow Funds

Funds received from clients are deposited into a separate cash account and restricted for the payment of expenses in connection with related litigation.

6. Investments

Investments are stated at cost or amortized cost, which approximates markets. As of December 31, 2011 the Corporation's investments consist solely of certificates of deposit.

7. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingents and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

8. Functional Allocation of Expenses

The costs for providing for various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain cost have been allocated among the programs and supporting services benefited.

9. Income Tax Status

The Corporation is exempt from federal tax under Section 501(c) (3) of the Internal Revenue Code. In addition, the Corporation has been classified as an organization that is not a private foundation under Section 509(a) (2).

10. Fixed Assets

Fixed assets are recorded at cost, when purchased, or if donated, at the estimated fair value on the date of donation. Depreciation is provided over estimated useful lives of the respective assets using the straight-line method.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

11. Deferred Revenue

Deferred revenue is recognized for grants, awards, or other income received which are not considered to be earned at balance sheet date.

12. Support

The Corporation recognizes grant funds from LSC as support on the straight-line basis over the grant period. In accordance with LSC regulations, the Corporation may retain unexpended grant funds for use in future periods provided such funds are not in excess of 10% of the recipient's annualized funding and expenses incurred are in compliance with the specified terms of the grant agreement. For the year ending December 31, 2011 Acadiana Legal Service Corporation fund balance did not exceed 10% of its annualized support.

13. Contributions

Donated services are recognized as contributions in accordance with Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made." Contributions of donated services that create or enhance non-financial assets or whose specialized skills are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation are recorded at their fair values in the period.

14. Private Attorney Involvement (PAI)

LSC requires that an amount equal to 12.5% of the basic field award of recipients be devoted to the involvement of private attorneys in the delivery of assistance to eligible clients. Expenses incurred in PAI included all expenses directly related to private attorney involvement as well as allocation of indirect (overhead) expenses. In general, indirect (overhead) expenses are allocated based on the ratio of direct PAI salary cost in relation to total salary costs of all attorneys, paralegals, and support staff.

NOTE B – CASH IN BANK

The Corporation maintains accounts at several banks. Accounts at these institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

NOTE C – GRANTS AND CONTRACT RECEIVABLES

Grants receivable for Acadiana Legal Service Corporation consists of the following:

| | |
|---|----------|
| Cajun Area Agency on Aging, Inc. | \$ 2,572 |
| Cenla Area Agency on Aging, Inc. | 3,582 |
| Vernon Parish Council on Aging, Inc | 9,092 |
| Southeast Louisiana Legal Service-Road Home | 21,907 |
| Lafayette Parish Clerk of Court | 2,589 |
| Rapides Parish Clerk of Court | 1,055 |
| Beauregard Council on Aging | 1,709 |
| Allen Council on Aging | 625 |
| Pineville City Court | 119 |
| City Court of Lafayette | 328 |
| Cameron Council on Aging | 2,202 |
| Jefferson Davis Council on Aging | 2,339 |
| Alexandria City Court | 320 |

| | |
|--|-----------------|
| Total Grants and Contract Receivables | \$48,439 |
| | ===== |

NOTE D – FIXED ASSETS

Fixed assets consisted of the following at December 31, 2011

| | <u>12/31/11</u> | <u>12/31/10</u> |
|---------------------------|---------------------|---------------------|
| Building and Improvements | \$ 1,261,814 | \$ 1,234,453 |
| Furniture and Equipment | 1,578,353 | 1,574,378 |
| Library | 271,605 | 240,516 |
| Land | <u>231,165</u> | <u>231,165</u> |
| Total Fixed Assets | \$ 3,342,936 | \$ 3,280,510 |
| Accumulated depreciation | (2,694,790) | (2,667,272) |
| Net Fixed Assets | \$ 648,146 | \$ 613,238 |

NOTE D – FIXED ASSETS (continued)

In 2009 the Corporation purchased a building in Alexandria, La. for \$176,225 (Cost and Improvements). Major improvements for the years ended December 31, 2011 and 2010 total \$27,361 and \$184,794 respectively. Major renovation of \$31,089 was made to the Library at the Lafayette location in 2011.

Depreciation expense for the years ended December 31, 2011 and 2010 total \$27,518 and \$25,084 respectively.

NOTE E – ACCRUED LIABILITIES

Included in accrued liabilities is annual leave, which vests with the employee and is payable upon termination, totaling \$153,886 and \$147,582 at December 31, 2011 and 2010, respectively. Maximum annual leave amounts, which can be carried over to subsequent years, are 225 hours per employee for employees with more than three years of service and 150 hours per employee for employees with less than three years of service. Also included in accrued liabilities is accrued wages, salaries and miscellaneous items.

NOTE F – SUMMARY OF FUNDING

| | | |
|---|-------------------|----------------|
| Legal Services Corporation: | | |
| Basic Field-General Grant | 01/01/11-12/31/11 | \$2,215,527 |
| Legal Services Corporation: | | |
| TIG -Grant | 12/01/11-12/31/12 | 8,336 |
| Louisiana Bar Foundation: | | |
| IOLTA Grant | 01/01/11-12/31/11 | 312,000 |
| Cajun Area Agency on Aging, Inc: | | |
| Title III-B & E 2010-2011 Grant | 07/01/10-6/30/11 | 16,916 |
| Title III-B & E 2011-2012 Grant | 07/01/11-6/30/12 | <u>16,915</u> |
| | | 33,831 |
| Cenla Area Agency on Aging, Inc: | | |
| Title III-B & E 2010-2011 Grant | 07/01/10-6/30/11 | 10,744 |
| Title III-B & E 2011-2012 Grant | 07/01/11-6/30/12 | <u>10,744</u> |
| | | 21,488 |
| Louisiana Bar Foundation- Children in Need of Care | | 649,822 |

NOTE F – SUMMARY OF FUNDING (continued)

| | |
|---|---------------|
| Allen Council on Aging | 1,526 |
| Southeast La. Legal Service-gulf Coast Claims-BP Oil | 29,450 |
| 15 th JDC and Lafayette City Court -Filing Fees | 36,850 |
| Beauregard Council on Aging | 3,418 |
| Louisiana Bar Foundation-Building Capital Development | 25,000 |
| 9 th JDC, Pineville and Alexandria City Court- Filing Fees | 19,586 |
| State of Louisiana, Department of Treasury | 12,500 |
| Other Miscellaneous | <u>32,228</u> |

Total grants, contracts and miscellaneous support **\$3,401,562**

NOTE G-- LEASE OF FACILITIES

The Corporation leases two facilities to serve as branch offices. For the years ended December 31, 2011 and 2010, the Corporation expended \$47,722 and \$67,377, respectively, on lease payments.

As of December 31, 2011, the Corporation was leasing office space in Lake Charles, La. The terms of that lease expired on December 14, 2011. A new lease was negotiated effective December 15, 2011 and will expire on December 14, 2012, with an option to extend. Rental payments are \$2,956 a month.

As of December 31, 2011 the Corporation is leasing space for The Louisiana Disability Law Center in Lake Charles, La. A new lease was signed effective March 1, 2011 and ends on February 28, 2014. Rental payments are \$650 a month.

NOTE G—LEASE OF FACILITIES (continued)

The Corporation leased office space in Alexandria. The lease term was from January 1, 2011 through March 31, 2011 and that lease was terminated. Rental payments during the period were \$1,500 a month.

Total minimum rental payments expected under these leases at the Lake Charles offices are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2012 | \$ 43,272 |

NOTE H—NOTES PAYABLE

The Corporation has an obligation to First Federal Bank of Louisiana with an interest rate of 6.25% for five years, with a 15 year amortization, for the purchase an office building in Alexandria, La. for \$150,000 with \$50,000 down payment and \$100,000 financed. In 2011 and 2010 the Corporation activated its non-revolving line of credit for renovations in the amount of \$18,691 and \$148,899.00 respectively. The loan is payable in monthly installments, in the amount of \$2,232 including interest, and is collateralized by both offices in Alexandria and Lafayette, Louisiana.

Loan maturities for each of the five years following December 31, 2011, are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|------------------|
| 2012 | 11,298 |
| 2013 | 12,075 |
| 2014 | 12,845 |
| 2015 | 13,672 |
| 2016 | <u>202,250</u> |
| | <u>\$252,140</u> |

NOTE I – LEASE ARRANGEMENTS

The Corporation leased a Copier under a non cancelable lease that is classified as a capital lease that expires in 2013. The lease agreement contains a bargain purchase option at the end of the lease term.

The Copier under capital lease equals \$2,344 at December 31, 2011.

Future minimum lease payments under capital leases are as follows:

Year Ending
December 31

| | |
|------------------------------|---------|
| 2012 | 1,589 |
| 2013 | 844 |
| Total minimum lease payments | \$2,344 |

NOTE J — PRIOR PERIOD ADJUSTMENTS

Certain adjustments were made to accounts payable in the amount \$18,295. Vendor invoices paid in the prior year but posted to the general ledger in the current year in the amount of \$21,070 also vendor invoices posted in the prior year but paid in the current year in the amount of (\$2,775).

NOTE K – GRANTS TO OTHER AGENCIES

During the year, the Corporation granted \$24,684 of LSC funds to the Lafayette Volunteer Lawyer Project, \$13,957 to Central Louisiana Pro Bono Project, and \$16,000 to Southwest Bar Foundation. All sub-grantees are pro bono programs, which use the funds to provide civil legal services to low-income persons eligible for representation by the Corporation. As of December 31, 2011, all sub-grantees have expended all these funds.

NOTE L — RETIREMENT PLAN

The Corporation established a 403(b) retirement plan (the "Plan") for those employees who meet the eligibility requirement set forth in the Plan. The amount of contribution to the Plan is at the discretion of the Board of Directors. The Corporation contributed \$17,065 to the Plan for the year ended December 31, 2011.

NOTE M — CONCENTRATIONS

The Corporation receives a significant portion of its total support from granting agencies. In particular, LSC accounted for 61% of the total support of the Corporation for the year ended December 31, 2011.

NOTE N — FEDERAL AND STATE GRANTS

The Corporation participates in a number of federal and state grant programs that are fully or partially funded by grants received from other governmental entities. The grant programs are subject to audits by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. It is possible that in the event of non-compliance with conditions of grants received, that the Corporation would have to refund to the granting agency those expenditures not deemed to be in compliance. However, management has no knowledge of any liability for refunds to any granting agencies as of December 31, 2011 and through the date of this report.

NOTE O — EXCESS FUND BALANCE

The approved excess fund balance for fiscal year 2010, in the amount of \$14,198, was used toward the expenses for the Library Renovations Project in the Lafayette office, which totaled \$31,089 and was completed on March 25, 2011. The final payment was made to the General Contractor on April 7, 2011.

The approved excess fund balance for fiscal year 2009, in the amount of \$47,699 was spent in 2010. A payment of \$20,000 was made on December 29, 2010, directly to the General Contractors, for part of the renovation expenses for the recently acquired branch office building in Alexandria, Louisiana.

The balance of the excess funds in the amount of \$27,699 was used for the Board approved salary increases for Staff Attorneys and other employees on March 9, 2010.

| ACADIANA LEGAL SERVICE CORPORATION | | | |
|---|--|-----------|------------------|
| SCHEDULE OF GRANT AWARD AND EXPENDITURES | | | |
| LEGAL SERVICES CORPORATION -- BASIC FIELD -- GENERAL | | | |
| YEAR ENDED DECEMBER 31, 2011 | | | |
| | | | |
| Revenue and Support: | | | |
| | | | |
| Grant Award | | \$ | 2,215,527 |
| Interest and Miscellaneous | | | 3,591 |
| Total Revenue and Support | | \$ | 2,219,118 |
| | | | |
| Non- Capital Expenditures: | | | |
| | | | |
| Salaries and Wages | | | |
| Lawyers | | \$ | 564,269 |
| Non- Lawyers | | | 859,808 |
| Employee Benefits | | | 376,967 |
| Space Cost and Renovations | | | 123,817 |
| Equipment Rentals and Maintenance | | | 16,329 |
| Office Supplies and Expenses | | | 50,328 |
| Travel & Training | | | 59,395 |
| Library and Other Supplies | | | 54,265 |
| Telephone | | | 42,941 |
| Insurance | | | 37,867 |
| Contractual Services | | | 36,459 |
| Membership Fees | | | 4,286 |
| Sub grants | | | 54,641 |
| Litigation | | | 1,656 |
| Miscellaneous | | | 800 |
| Total Non- Capital Expenditures | | \$ | 2,283,828 |
| | | | |
| Revenue and Support Net of Expenses | | \$ | -64,710 |
| | | | |
| Net Assets, Beginning | | \$ | 271,394 |
| | | | |
| Library Renovation | | \$ | 31,089 |
| Other Capital Expenditures | | | 8,519 |
| Net Assets, Ending | | \$ | 167,076 |

| | | | | | | |
|--|---|---|--|--|-----------|----------------|
| | ACADIANA LEGAL SERVICE CORPORATION | | | | | |
| | | SCHEDULE OF GRANT AWARD AND EXPENDITURES | | | | |
| | | LOUISIANA BAR FOUNDATION-IOLTA GRANT | | | | |
| | | YEAR ENDED DECEMBER 31, 2011 | | | | |
| | | | | | | |
| | | | | | | |
| Grant : | | | | | | |
| | | | | | | |
| Grant Award | | | | | \$ | 312,000 |
| | | | | | | |
| | | | | | | |
| Expenditures: | | | | | | |
| Salaries and Wages | | | | | | |
| Lawyers | | | | | | 220,000 |
| Non- Lawyers | | | | | | 37,834 |
| Employee Benefits | | | | | | 35,744 |
| Office Supplies and Expenses | | | | | | 690 |
| Travel & Training | | | | | | 583 |
| Audit Expense | | | | | | 590 |
| Membership Fees | | | | | | 11,404 |
| Litigation Costs | | | | | | 3,718 |
| Access to Justice | | | | | | - |
| Telephone | | | | | | 1,437 |
| | | | | | | |
| Total Expenditures | | | | | \$ | 312,000 |
| | | | | | | |
| | | | | | | |
| Revenue and Support Net of Expenditures | | | | | | - |
| | | | | | | |
| Grant Award, Net of Expenditures | | | | | | - |

| ACADIANA LEGAL SERVICE CORPORATION | | | | | | |
|---|--|--|--|----|--|------------|
| SCHEDULE OF PRIVATE ATTORNEY INVOLVEMENT EXPENSES | | | | | | |
| YEAR ENDED DECEMBER 31, 2011 | | | | | | |
| Private Attorney Involvement Expenses : | | | | | | |
| Salaries and Wages: | | | | | | |
| Lawyers | | | | \$ | | 95,265 |
| Non- Lawyers | | | | | | 55,077 |
| Employee Benefits | | | | | | 36,932 |
| Space Cost and Renovations | | | | | | 11,315 |
| Equipment Rentals and Maintenance | | | | | | 1,473 |
| Office Supplies and Expenses | | | | | | 4,931 |
| Travel & Training | | | | | | 15,232 |
| Library and Other Supplies | | | | | | 5,316 |
| Telephone | | | | | | 4,207 |
| Insurance | | | | | | 3,710 |
| Contractual Services | | | | | | 102,342 |
| Membership Fees | | | | | | 430 |
| Sub grants | | | | | | 114,641 |
| Access to Justice | | | | | | 162 |
| Audit | | | | | | 2,020 |
| Equipment | | | | | | 3,880 |
| Miscellaneous | | | | | | 1,627 |
| Total Private Attorney Involvement Expenses | | | | \$ | | 458,560.00 |
| Compliance Requirement Percentage | | | | | | |
| | | | | | | 12.50% |
| Actual Percentage of Legal Services Corporation | | | | | | |
| | | | | | | 20.70% |

| ACADIANA LEGAL SERVICE CORPORATION | | | | |
|---|--------------|----------------------------|--|--|
| SCHEDULE OF EXCESS FUND BALANCE EXPENDITURES | | | | |
| YEAR ENDED DECEMBER 31, 2011 | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| December 31, 2010 Excess Fund Balance of \$14,198. | | | | |
| Library Renovation Project in the Lafayette office. | | <u>\$ 14,198.00</u> | | |
| | | | | |
| December 31, 2009 Excess Fund Balance in the amount of \$47,699. | | | | |
| Renovation expenses, office building in Alexandria, Louisiana. | | \$ 20,000.00 | | |
| Salary increases for Staff. | | <u>\$ 27,699.00</u> | | |
| | | | | |
| | Total | <u>\$ 47,699.00</u> | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

**ACADIANA LEGAL SERVICE CORPORATION
SCHEDULE OF EXPENDITURES OF FINANCIAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

| Federal Grant/ Pass-Thru Grantor/ Program Title | Federal CFDA Number | Agency Pass Thru | Federal Expenditures |
|--|------------------------------------|---------------------------------|---------------------------------|
| Legal Services Corporation Basis Field-General Grant | 09-619051 | | \$2,215,527 |

The schedule of expenditures of federal awards is presented on the accrual basis of accounting.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS.**

**To the Board of Directors
Acadiana Legal Service Corporation
1020 Surrey Street
Lafayette, La 70501**

I have audited the financial statements of Acadiana Legal Service Corporation (a nonprofit organization) as of and for the year ended December 31, 2011, and have issued our report thereon dated April 26, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Acadiana Legal Service Corporation internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Acadiana Legal Service Corporation internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that material misstatements of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Acadiana Legal Service Corporation's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Audit Committee, Board of Directors, management, Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be used by anyone other than those specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bobbie L. Howard
Certified Public Accountant

Houma, La.
April 26, 2012

BOBBIE L. HOWARD, CPA

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

**To the Board of Directors
Acadiana Legal Service Corporation
1020 Surrey Street
Lafayette, La 70501**

Compliance

I have audited the compliance of Acadiana Legal Service Corporation (a nonprofit organization) with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major programs for the year ended December 31, 2011. Acadiana Legal Service Corporation's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each its major federal programs, is the responsibility of Acadiana Legal Service Corporation's management. My responsibility is to express an opinion on Acadiana Legal Service Corporation's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, OMB Circular A-133, "Audits of States, Local Governments and Non Profit Organizations". Those standards and *OMB Circular A-133* require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred.

An audit includes examining, on a test basis, evidence about Acadiana Legal Service Corporation's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Acadiana Legal Service Corporation's compliance with those requirements.

In my opinion, the Acadiana Legal Service Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

Management of Acadiana Legal Service Corporation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Acadiana Legal Service Corporation's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Acadiana Legal Service Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of federal program will not be prevented, or detected and corrected, on a timely basis.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended for the information and use of the Audit Committee, Board of Directors, management, Louisiana Legislative Auditor, federal awarding agencies, and pass-through agencies and is not intended to be, and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

**Bobbie L. Howard
Certified Public Accountant**

**Houma, La
April 26, 2012**

**ACADIANA LEGAL SERVICE CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COST
SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

1. The auditor's report expresses an unqualified opinion on the financial statements of Acadiana Legal Service Corporation.
2. No instances disclosed during the audit of the financial statements are reported in the Schedule of Finding and Questioned Cost.
3. No instances of noncompliance material to the financial statements of Acadiana Legal Service Corporation which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No instances in internal control over major federal award programs disclosed during the audit are reported in the Schedule of Findings and Questioned Cost.
5. The auditor's report on compliance for the major federal award programs for Acadiana Legal Service Corporation expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510 (a) of OMB Circular A-133 are reported in this Schedule.
7. The program tested as a major program.

Pass Thru Number

N/A

Name of Federal Program

Legal Services Corporation-Basic Field

8. The dollar threshold used to distinguish between Type A and Type B Programs.

Program

Type A

Amount

\$ 300,000

9. Acadiana Legal Service Corporation does not qualify as a low risk auditee, under *OMB Circular A-133, Section 530*.

**ACADIANA LEGAL SERVICE CORPORATION
SCHEDULE OF FINDING AND QUESTIONED COST
YEAR ENDED DECEMBER 31, 2011**

None:

**ACADIANA LEGAL SERVICE CORPORATION
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED
DECEMBER 31, 2011**

None: